



STATE OF MICHIGAN

JENNIFER GRANHOLM
GOVERNOR

DEPARTMENT OF HISTORY, ARTS AND LIBRARIES
LANSING

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STATE TAX CREDIT PROGRAM: INFORMATION SHEET NO. 5

Condominium Development Projects and Michigan's Historic Preservation Tax Incentives.

If a qualified historic resource is redeveloped for use as owner occupied residential condominiums, can the Michigan tax incentives program be used?

The State Historic Preservation Office (SHPO), in consultation with the Michigan Department of Treasury, has determined that a project seeking to redevelop a qualified historic resource for residential condominium use can utilize the Michigan tax incentives program. Outlined below are the requirements for applying for the tax credits for this type of project.

Master Application. A master application must be submitted for the project. This application will include all information required for the submittal of a state tax credit application except the fees. This application, along with all supporting material, should give an overview of the project, include information on all involved parties, and provide specific descriptions for work to be completed on common areas and exterior components. Because this application is for informational purposes, it will not be formally certified. The information will be used in conjunction with each individual condominium unit application to certify the work being applied for in each individual application. Photographs to be submitted should be the same as those specified in the application instructions. Detailed photographs of all work in common areas, interior and exterior, should be included to correspond to the work descriptions.

Individual Applications. Each condominium unit owner (or the developer representing the owner) must submit an individual application for a particular unit. The application must be complete with all required information. Expenditures for work on common areas shall be prorated according to the terms of the condominium master deed and included in the individual applications. The master application will serve as the work description for the expenditures on the common areas. Photographs submitted with the master application for work on common areas will be sufficient and will not need to be duplicated for each individual condominium unit application. Work descriptions and photographs for all work on each individual condominium unit must be included. All other required information, including fees, must be submitted with the individual applications.

Conformance with the Standards. All work on each individual condominium unit, in all common areas and the exterior, must comply with the Secretary of the Interior's Standards for Rehabilitation. If any work on any portion of the project does not meet the Standards, no application will be certified. All work on every unit and all common areas and the exterior must

be completed and must comply with the Standards before any individual Part 3 application will be certified.

Ownership. In order for the tax credit to be applicable to individual condominium unit owners, the individual units must be sold before any expenditures are made on the individual units. Project work completed on the building common areas and exterior, prior to the sale of individual units, can be claimed as an eligible expense by the condominium unit owner. The eligible amount, stated as a fixed number or a percentage (based on the master deed) of a fixed number, must be included in the development agreement between the developer and the purchaser. All work in all common areas must be assigned to the individual condominium unit owners based on their percentage of the common areas defined in the master deed before any part 3 application for any unit is certified. Expenditures for model units completed prior to their sale may be eligible to be claimed by the owner of the unit if the unit is sold prior to the certification of any part 3 application for the project.

State Equalized Value (SEV). Each individual application shall include a verification of the SEV for that individual unit. If the SEV has not been established for each individual unit, the most current SEV for the building, and a percentage of the ownership interest defined by the master deed, should be submitted with each individual application. Any additional information regarding the SEV for the building and/or the individual units should be submitted with the master application.

All project proposals and applications must be submitted to the SHPO. Proposals and applications should be submitted prior to the start of any project work. The SHPO has a 45-day review period for all application submittals. Please contact the SHPO at 517-373-1630 with additional questions.